

7. After You Retire

Annual Benefit Adjustment

Each year, you will receive an increase equal to 2 percent of your initial benefit, beginning on September 1 after the first anniversary of your retirement. The adjustment will appear in your October 1 payment. These adjustments are not compounded.

Purchasing Power Protection

Purchasing power is a measurement of how your retirement benefit keeps pace with inflation. For example, if your benefit stays the same, but prices have doubled, your purchasing power is only 50 percent of what it was.

In addition to the annual benefit adjustment, two types of post-retirement benefit enhancements support the purchasing power of retired CalSTRS members:

- The Legislature occasionally grants ad hoc, or one-time, permanent increases to your monthly benefit.
- One-year supplemental benefit payments, payable in quarterly installments. These payments are made to retired members and beneficiaries whose benefits have fallen below a certain level of purchasing power. Purchasing power protection level is currently set at 80 percent.

Medicare Premium Payment Program

For Defined Benefit members who retire before July 1, 2006, CalSTRS will pay Medicare Part A, hospital premiums for eligible retired members who do not receive Medicare Part A premium free. This benefit may be extended by the Teachers' Retirement Board to members who retire in the future. For details on the Medicare Premium Payment program, see Section 5.

Post-Retirement Employment

You may accept employment outside the California public school system in any capacity and continue to receive your CalSTRS retirement benefit with no limitation on your earnings.

Your only restriction on employment after service retirement is within the public school system of California. The law prohibits a retired member from working in a classified position, with the exception of a teacher's aide in certain circumstances. If you receive the retirement incentive and you return to work with the same employer who granted the retirement incentive within five years, you will forfeit the retirement incentive.

Earnings Limits

If you perform creditable service teaching in kindergarten through community college as an employee of a public school district, an independent contractor or an employee of a third party, there is a restriction on the amount you can earn without affecting your CalSTRS retirement benefit. For exceptions, see the following topic, Exemptions from the Earnings Limit.

The earnings limit on post-retirement earnings from public school employment for the 2004-05 school year is \$27,720. This limit is adjusted each July 1 and CalSTRS notifies employers and retired members of each year's post-retirement earnings limit.

Earnings from teaching summer school and intersession count toward the post-retirement earnings limit. Post-retirement employment for creditable service may not begin earlier than your effective date of retirement. Your CalSTRS retirement benefit will be reduced by the amount of creditable earnings from public school employment in excess of the earnings limit.

For more information on the earnings limit, call our Teletalk automated recording system at 800-228-5453 and enter 372 or visit our Web site at www.calstrs.com.

Exemptions from the Earnings Limit

Provided your employer submits the required documentation, the following post-retirement earnings are exempt from the earnings limit:

- If you return to post-retirement CalSTRS-covered employment without performing CalSTRS-covered employment for at least 12 consecutive months after retirement, you are automatically exempt from the earnings limit (this exemption ends on January 1, 2008, and does not require employer documentation).
- If you retired on or before January 1, 2004, and are providing direct remedial education in a classroom for grades 2 through 12.
- If you retired on or before January 1, 2004, and return to:
 - Provide direct instruction in a K-12 classroom.
 - Support or assess new teachers in Beginning Teaching Support and Assessment Program.
 - Provide support to individuals completing student teaching assignments, in Pre-Internship Teaching Program, alternate certification programs or in School Paraprofessional Teacher Training Program.
 - Provide direct instruction in Special Education and English language learner programs.
- If you return to work as a trustee or administrator for a financially insolvent employer.
- If you return to work in an emergency situation in an administrative position requiring highly specialized skills (this exemption is for one-half of the full-time salary).

Returning to the Classroom

If you took a break from CalSTRS-covered employment, but plan to resume teaching, you may have to take the California Basic Educational Skills Test before returning to the classroom if:

- You hold a life or clear credential that was issued before 1983; and
- You have not been employed in a position requiring certification in any school district for 39 months or more.

For more information on the time constraints, possible exceptions and teacher credentialing, contact your employer.

Reinstatement to Active Member Status

Occasionally, a CalSTRS member retired for service decides to reinstate to active member status. You may reinstate as an active member by submitting the form *Reinstatement After Retirement*, available online or by calling CalSTRS. Once your request is received at CalSTRS, your retirement and your monthly benefits end.

Before reinstatement to active member status, CalSTRS strongly recommends you make an appointment with a CalSTRS benefits counselor to discuss your decision and review how your action will affect your future benefits. Call 800-228-5453 to make an appointment with a counselor trained to provide you benefit information if you are considering reinstatement to active membership.

You may also request an estimate of your future benefits by writing to CalSTRS. In your letter include your client ID number (given on each letter from us) or your Social Security number, address, telephone number and full name. In addition, state your estimated salary, how long you plan to be an active member again and if you will select an option when you retire or have selected a pre-retirement option.

One Year Before Next Retirement

At least one year must elapse from the date of your reinstatement to active member status from either service retirement or disability retirement before you may retire again from CalSTRS.

Disability or Survivor Benefits

You must earn at least one year of service credit after the date of your reinstatement from service retirement before you qualify for disability benefits or for survivor benefits upon your death.

Retirement Incentive Program

If you retired on or after January 1, 1985, and reinstate, you will lose any additional service credit that you may have acquired by participating in the Retirement Incentive Program.

Pre-Retirement Election of an Option

You are not eligible to file a pre-retirement election of an option until one year has elapsed after the date of reinstatement from service retirement. However, if you retired under an option, that option will automatically become a pre-retirement election when you reinstate.

Coverage B

When eligible, you will be covered by Coverage B for survivor and disability benefits.

Discontinuing Deduction for Health Insurance Premiums

If CalSTRS is deducting health insurance premiums from your benefit and you decide to reinstate, you will need to make premium payment arrangements with your health insurance carrier.

Discontinuing Payment or Deduction of Medicare Premiums

If CalSTRS is paying your Medicare Part A or deducting your Medicare Part B premiums under the Medicare Premium Payment Program, you will have to pay these premiums yourself when you are reinstated. To arrange

payment, contact the Social Security Administration at 800-772-1213. When you retire again, you may reapply for the Medicare Premium Payment Program.

Benefit Calculation if Reinstating

Reinstate for less than two years: When you retire a second time with less than two years of new service credit, your new service retirement benefit will be equal to the sum of both the following:

- An amount equal to the last unmodified benefit received immediately before reinstatement, increased by the 2 percent annual benefit adjustment (formerly COLA) that would have been applied to the benefit if you had not reinstated.
- PLUS
- An amount based on service earned since your last reinstatement, your age at the subsequent retirement and final compensation. If your total credited service is 30 or more years, you may be eligible for the career factor on the credited service earned following reinstatement.

Reinstate for two years or more: When you retire a second time with two or more years of new service credit, all credited service earned during your entire career will be subject to the benefits in effect at the time of the subsequent retirement. The retirement benefit calculation will be adjusted to account for the period of retirement.

Keeping You Informed

The semi-annual *Retired Educator* newsletter keeps you informed on issues you may face after retirement. Also remember you can always contact us with your questions on retirement benefits and reinstatement.